

December 2, 2015

Subject: Passage of HB 5074, 5075 & 5076

Dear House Committee Members

We write you today in regards to HB 5074, 5075 & 5076 which are currently in the House Tax Policy Committee and aim to provide tax exemptions for data center companies in the State of Michigan. While OST (Open Systems Technologies) does not own any such entities and therefore would not be directly impacted by the passage of such legislation, we nonetheless strongly urge the Michigan Legislature to pass these bills.

The economic impact of such investments by data center operators, such as the Switch SuperNAP, are immense and would have a net positive impact on our state. While the stated 10-year investment plans of Switch here in Michigan cannot be ignored – approximately \$5 billion into “The Pyramid” campus with about 1,000 employees to work onsite, we feel there is more to this story. The reality is that these types of businesses are driving the new economy here in the United States. They are, in every sense of the phrase, an industrial park for the new economy as more and more corporations look to invest in off premise, co-location data centers and cloud services. As a company that provides many services of this nature to companies all over the nation, OST can attest to the accelerated pace of such strategies. It would be a shame to see the legislature here in Michigan deny the opportunity for Michigan to once again innovate and lead within a major new growth industry, just as we did a century ago in the automotive manufacturing boom.

In addition to the above we believe that the following are also reasons to support passage of such legislation here in Michigan:

- A growing reliance on cloud computing is boosting demand for leased data center space in the U.S. In fact, there are 17 other states who have responded by creating economic incentives to recruit these data centers.
- The ecosystem that has sprung up around these facilities to support and sell into not only the data centers, but all of their clients, are incredibly impressive. There are countless tech warehouses within close range whose primary business are data centers and their clients.
- OST is already seeing that the State of Michigan, and West Michigan specifically, continue to evolve as a design hub. Currently, the design industry in the state is largely tied to the office furniture and automotive industries, but as design and technology continue to be interlaced with one another, Michigan will become more attractive to new job providers and talent. This legislation would be a direct accelerant to this as other service-based companies look to invest.
- Companies such as Switch have a proven track record of making philanthropic investments in collaborative workspaces which drive innovation around this “new economy” ecosystem in

areas such as startup incubation, education, talent, and more. These can be standalone subsidiaries as well as partnerships with colleges and universities.

- The jobs created by such entities are typically better paying and have a ripple effect by attracting other technology companies to the state who want to be near the new data centers.
- Finally construction jobs needed to complete the builds-out of these types of projects would have an immense impact.

In closing, we implore you to please offer your support of HB 5074, 5075 and 5076. Please do not allow politics to get in the way of an opportunity for the State of Michigan to once again play an integral part in leading the new economy. If you would like more information or if we can be of any further assistance, please do not hesitate to contact me directly.

Sincerely,



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